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November 8, 1993

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His Excellency Patricio Aylwin  
President  
Palacio de la Moneda  
Santiago, Chile

Dear Mr. President:

I don't know whether you saw the enclosed op-ed piece from The Washington Post on NAFTA and Latin America, but I thought it might be of interest to you.

Yours,



Bernard Aronson

Enclosure



Bernard Aronson

# NAFTA: Key to Latin Reform

What is closest to us is sometimes hardest to see. While we debate the shape of the post-Cold War world—the “new world order”—its most hopeful outline is emerging here in our own hemisphere. Consider:

**Defending Democracy.** This is the only region in the world that has taken on a formal, collective responsibility to defend democracy. The Organization of American States is the only regional organization to have assumed such a role. The “Santiago Declaration,” adopted unanimously in June 1991, binds the nations of our hemisphere to confront together any threat to any democracy in the Americas—regardless of whether that threat poses a larger danger to regional peace or security.

When Guatemala’s president tried to assume dictatorial powers in May, the hemisphere’s democracies immediately imposed collective sanctions and dispatched a high-level OAS mission to talk tough to the military. That, along with a strong internal election, thwarted the coup and led to the election of a former human rights ombudsman as president. In another era, a coup in Guatemala barely would have created a political ripple in the wider hemisphere.

**Controlling Weapons of Mass Destruction.** To stop the spread of weapons of mass destruction elsewhere, the United States and its allies have embargoed outlaw nations, cut aid, or even—in the Persian Gulf—gone to war. In this hemisphere, the two likeliest new entrants to the nuclear club, Brazil and Argentina, voluntarily placed their nuclear programs under full-scope international safeguards in 1990. They agreed, also, to waive into force the treaty of Tlateloco, which bars nuclear weapons development in Latin America.

Argentina voluntarily dismantled the Condor II ballistic missile program, which was financed secretly by Iraq under an earlier government. Argentina has now joined the Missile Technology Control Regime, the group of democracies that cooperate to stop missile proliferation. Chile, Brazil and Argentina signed the Mendoza declaration forswearing biological and chemical weapons of war.

**Resolving Regional Conflicts.** Of the four regional conflicts that were a legacy of the Cold War—Angola, Afghanistan, Cambodia and Central America—only the Central American conflicts have been resolved, with strong assistance from regional players. U.N. Secretary General Boutros Boutros-Ghali called the cease-fire in El Salvador “the most successful in U.N. history.”

**Peaceful Settlement of Disputes.** El Salvador and Honduras, which fought a bloody border war in 1969, submitted their territorial differences to the International Court of Justice last year and accepted the findings. Chile and Argentina, which nearly went to war in 1978, recently resolved their territorial disputes through negotiations. Peru and Ecuador are quietly negotiating a solution to their 50-year-old disputed boundary.

Rather than threaten their neighbors, Latin

American armed forces are increasingly engaged in international peace-keeping missions: Argentines in Croatia and Kuwait, Brazilians in Mozambique, Uruguayans in Cambodia, Venezuelans in El Salvador and Hondurans in Morocco.

**Open Markets and Economic Reform.** While the United States continues to cajole and pressure its European Community and Japanese trading partners to open their markets, Latin American nations have been unilaterally lowering tariffs and removing nontariff barriers. Today, Mexico, Chile, Argentina, Colombia, Venezuela and Bolivia all boast an average external tariff of 9 to 12 percent. A few years ago, it averaged 100 percent. Argentina eliminated all barriers to foreign investment. Brazil opened up its informatics sector. Mexico adopted a world-class intellectual property rights law.

The structural economic reforms, which are being tried haltingly in the former Soviet Union and Eastern Europe, already represent a success story in much of this hemisphere. Bolivia reduced inflation from 25,000 percent in 1985 to single digits today. Argentina’s recent sale of its state-owned gas and oil company is the largest privatization in history. Chile has lifted 600,000 citizens out of poverty. Real wages are rising in Mexico. As a region, Latin America today is growing faster than the countries of the Organization for Economic Cooperation and Development and boasts a lower fiscal deficit as a percentage of gross domestic product. Last year, \$57 billion in capital flowed into the region—10 times the level of 1989.

No nation has a greater stake in seeing these trends continue than the United States. Consider:

- Latin America is the fastest growing regional market in the world for U.S. goods, services and agricultural products. U.S. exports to the region jumped 46 percent over the past two years.
- When Saddam Hussein invaded Kuwait, Venezuela—our second largest oil supplier—voluntarily increased production by more than 2 million barrels a day, sparing the United States and the West a far more damaging bout of inflation. Argentina sent its naval forces to the gulf.
- When the United States sponsored a U.N. resolution in 1991 to repeal the heinous “Zionism is racism” resolution, every Latin democracy signed on as a cosponsor.
- In the GATT negotiations, Latin agricultural producers support the U.S. position.

Now Latin America wants to know: “Can the United States take yes for an answer?”

We will answer that question dramatically when Congress votes on the North American Free Trade Agreement. For Latin America, the promise of hemispheric free trade—starting with NAFTA—fulfills an age-old dream of hemispheric integration. It symbolizes what Latin Americans have long hoped to build with North Americans—a partnership based on dignity and shared opportunity, a relationship built on “trade not aid.”

The ratification of NAFTA would accelerate economic reform throughout the hemisphere as individual nations and regional groups jockey to be next in line after Mexico. It would also help consolidate democracy.

It is not an accident that during a process of economic reform, Mexico has begun a democratic opening, or that Venezuelans signaled disgust with their ruling parties or that Brazilians rebelled against official corruption. As we saw in Taiwan and South Korea in a previous decade, removing statist, bureaucratic controls over economic life also opens up political systems in the hemisphere to new democratic forces, energies and demands. But the converse is also true.

The defeat of NAFTA would give a new dose of oxygen to dying populist, nationalist, statist forces throughout Latin America. It would strengthen traditional economic cliques, which have grown rich by manipulating and sometimes corrupting their political systems to shut out competition at the expense of ordinary citizens. For the democratic leaders and economic reformers who placed their trust and political fortunes in forging a new relationship with the United States, the defeat of NAFTA would be the slap heard round the hemisphere.

The historic mistake of the United States is to turn away from Latin America at times of apparent calm, only to discover later that problems beneath the surface have festered into crises and historic opportunities have been lost. We should have no illusions about the consequences if we repeat that mistake.

The democratic and economic trends in the hemisphere have never been more hopeful. Yet, deep divisions persist between rich and poor, citizens of Spanish and Indian heritage, and civilian and military institutions. Of the region’s 450 million citizens, 190 million live in grinding poverty. “Can democracy deliver for the millions left behind?” is the question hovering over the hemisphere.

If NAFTA is ratified, and the United States remains engaged, the Americas can become a true community of nations, committed to the collective defense of democracy, linked by open trade and widening prosperity, and dedicated to the peaceful resolution of disputes. This hemisphere can become a model for others of what the post-Cold War world can be.

If NAFTA is rejected, we will squander that opportunity. We will betray the most courageous reformers in Latin America’s history and the hopes that are riding with them. And we will betray ourselves.

*The writer was assistant secretary of state for inter-American affairs from June 1989 through June 1993.*





TRADUCCION NO OFICIAL

Estimado señor Presidente:

No se si habrá visto el artículo publicado en El Washington Post sobre, NAFTA y Latinoamerica, pero pensé que podia ser de interés para usted.



Ant. 93/24438

CBE. 93/24438

Santiago, 03 de diciembre de 1993

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Señor

Bernard Aronson

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Washington, DC 20004

Estados Unidos

Estimado señor:

Por encargo de S.E. el Presidente de la República, don Patricio Aylwin Azócar, tengo el agrado de acusar recibo, y agradecerle sinceramente la gentileza que ha tenido al enviar copia del artículo publicado en The Washington Post, "NAFTA: Key to Latin Reform", que consideramos de gran interés.

Saluda atentamente a Ud.

CARLOS BASCUÑAN EDWARDS

Jefe de Gabinete Presidencial

MARCELO TRIVELLI OYARZUN

Asesor Presidencial

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